

RETHINKING WORK:

How AI is Reshaping Capability, Value, and the Design of Organisations



THE INSTITUTE FOR
WORKING FUTURES

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Audience

This paper is written for leaders responsible for delivering the economic performance and design of the organisation. While the implications are highly relevant for People and HR functions, the real shift sits at the level of the Board, CEO, COO, CPO, and CFO. AI is not simply a technology uplift. It is exposing how organisations misprice and underutilise their workforce. When human contribution is no longer tied only to tasks and roles, capability shifts from a cost of labour to an asset that can be built, deployed, and compounded. The question is no longer how to optimise work, but whether current models are leaving value on the table.

The following critical questions are addressed by the scenarios:

- Where will future productivity come from if it is no longer constrained by technology but by legacy assumptions about how work is designed?
- To what extent are we using AI to reinforce outdated systems and models of work, rather than redesigning how human capability is used to amplify enterprise performance?
- Are we systematically undervaluing our workforce by treating human capability as a cost input rather than an asset that can compound over time?
- What value are we leaving on the table by optimising for short-term efficiency while ignoring long-term capability accumulation?
- How would our valuation change if capability were measured, grown, and deployed as a strategic asset rather than consumed as labour?

As human capability becomes visible and accumulates over time, it begins to behave less like a cost and more like an asset, with implications for how organisations measure value, allocate capital, and assess performance.

AI Disclosure Statement

In preparing this paper, AI tools were used to support original research, synthesise data, and refine language during the final editing process. AI-assisted image generation was also employed to create illustrative graphics for the cover image.

All content was reviewed, validated, and finalised by the authors to ensure it reflected the paper's original intent, upheld scholarly integrity, and was grounded in the cited evidence base. No generative AI tools were used to produce core research findings, original data, or final authorial judgments.

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Executive Summary

This paper is not another contribution to the growing volume of commentary on artificial intelligence. It is about how AI creates the conditions to rethink work itself.

Stated plainly, our current models of job architecture, human resource management, and organisational design are structurally misaligned with what is already emerging. This creates a growing tension between adapting existing systems and redesigning them. That tension is now visible not only in workforce systems but in the underlying architecture of organisations. AI is forcing a choice between incremental adaptation and structural redesign, with greater emphasis on embedding capability to support adaptive capacity.

Much of what is now described as unpredictable disruption was visible over five years ago. These shifts are not new. What is new is the point at which their implications can no longer be ignored. The real challenge is not understanding what is happening, but examining what these shifts now make possible, particularly in the near-term horizon where outcomes are often assumed to be too uncertain to anticipate.

At [The Institute for Working Futures™](#), this is the focus of our work. We use tools such as scenario-based exploration to interrogate patterns early, not to predict outcomes, but to surface the structural implications that are often overlooked. The intent is to make the “unknown unknowns” more visible by testing how emerging signals might combine, accelerate, and reshape how work is organised over the next three to five years.

The four scenarios that follow draw on patterns already visible across organisations, technologies, and workforce systems. They are not predictions. They are provocations designed to stress-test assumptions and expose where existing models of work, talent, and capability begin to fail under pressure.

This is how we test our own thinking. It is an invitation to step back from reactive responses to AI and engage with the deeper structural changes shaping how work is designed, how human contribution is being reweighted, and how value emerges as systems express capability under changing conditions.

The risk is not failing to adopt AI. It is moving quickly in the wrong direction, applying new technologies to models built for a different era.

This paper does not attempt to provide “how to” guidance or implementation strategies. Its purpose is to surface the structural shifts that make new approaches necessary.

The scenarios that follow are designed to expose where current operating models begin to fail, and what this means for how organisations design work, deploy capability, and create value.

Context

In this paper, AI is used as a broad term to describe a rapidly expanding set of technologies, from generative AI and machine learning to predictive analytics and increasingly autonomous agents. It is not limited to tools that generate content. It includes systems that can analyse, decide, act, and coordinate work across functions. The significance of AI lies not in any single technology, but in its growing ability to systematise work.

While this paper focuses on human capability, these patterns are not uniquely human. They reflect deeper system-level dynamics across biological, social, and technological systems. AI does not create these dynamics. It reveals and accelerates them.

As conditions shift faster than work can be stabilised, the limits of systematisation begin to show. What once held steady starts to loosen. For most organisations, adaptive capacity has been designed into systems, not people. This becomes a critical point of failure.



Contents

Executive Summary	iii
Context	iii
Introduction.....	1
Scenario 1: The Bench: AI labour hire as infrastructure	2
Core idea.....	2
Shift in thinking	2
Implications for Human Capability	2
Tension point	2
Scenario 2: Should the 24/7 Shadow Workforce have workers' rights?.....	3
Core idea.....	3
Shift in thinking	3
Implications for Human Capability	3
Tension point	3
Scenario 3: When organisations buy capability not skills for a job role, what is a human worth?	4
Core idea.....	4
Shift in thinking	4
Implications for Human Capability	5
Tension point	5
Scenario 4: What holds an organisation together when its structure no longer matches the work?	6
Core idea.....	6
Shift in thinking	6
Implications for Human Capability	7
Tension point	7
What is emerging across these scenarios	7
End notes	8



Rethinking Work:

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Introduction

Artificial intelligence is often framed as a tool for efficiency, automating tasks, reducing costs, and accelerating existing processes. While these gains are real, they represent only the surface of a much deeper systems transformation.

AI accelerates the systematisation of work, shifting value toward areas where capability cannot yet be stabilised. In these conditions, human capability currently plays a central role, but not an exclusive or ubiquitous one.

As AI systems become more capable, available, and embedded in everyday work, they begin to reshape how work is organised. Tasks once scarce and specialist become abundant. Hard-won technical and professional knowledge becomes widely accessible. Entire functions become deployable on demand. The boundaries between industries, disciplines, job families, roles, and teams begin to dissolve.

Despite rapid experimentation, most organisations have yet to scale AI meaningfully. In many cases, it is layered onto existing processes rather than used to redesign them, forcing agent-based systems into operating models built for human labour.¹ This reflects a broader tension now visible in enterprise architecture, where organisations are choosing between incrementally integrating agentic systems into existing structures or undertaking more fundamental redesign. In practice, most pursue a hybrid path, which often reinforces existing operating models rather than rethinking them.²

This is already driving a shift away from execution alone and toward:

- judgement in uncertain situations
- the framing of problems and opportunities
- collaboration and human connection to draw on collective intelligence and perspectives
- the building of trust and shared understanding of purpose and values
- creativity, curiosity, and the human spark that drives innovation
- and the willingness to take responsibility for outcomes

Across these scenarios, a consistent pattern emerges. As AI expands technical capability, the centre of human contribution shifts. This is reflected in changes to:

- how work is accessed and performed
- how organisations are structured
- how human contribution is defined and valued

These scenarios are not predictions. They are designed to expose where existing models begin to fail, and what becomes possible when they do.



Scenario 1: The Bench: AI labour hire as infrastructure



Core idea

In this future, organisations no longer recruit for many functional roles. They access capability on demand through AI labour hire agencies.

Instead of people waiting on the bench, the agency presents a portfolio of specialised AI agents, each able to perform defined work instantly and at scale. Each agent represents not a role, but a cluster of activities and related skills and tasks that are already being automated or performed by AI:

- Legal Analysis Agent – precedent search, case synthesis, contract review
- Marketing Optimisation Agent – campaign generation, testing, performance tuning, competitor monitoring
- HR Officer Agent – payroll, scheduling, job design, workforce analytics
- Cyber Defence Agent – threat detection, anomaly monitoring, automated response
- Software Build Agent – code generation, testing, integration
- Data Insight Agent – data preparation, analysis, visualisation

Organisations no longer hire a person to perform these functions. They deploy agents for outcomes.

The “bench” becomes a continuously available, continuously improving layer of digital capability. Labour hire shifts from sourcing people to configuring and orchestrating intelligence.

Shift in thinking

We are systematising work. With AI, job roles and the concept of work are reaching a level of systematisation that makes them deployable. This is

not automation of jobs. It is a shift in how work is structured:

- Job Families and Roles → Capability clusters
- Employment → Access
- Functional Scarcity → Technical abundance
- Recruitment → Deployment

Entire categories of work become elastic, on-demand services. We are reaching a point where jobs, as we have known them, exist where systematisation is incomplete.

Implications for Human Capability

- Workforce planning shifts from headcount to human capability mix
- Mid-level functional roles compress, particularly where work is repeatable and analytical
- Execution loses value; direction, integration, and interpretation gain value
- HR begins to converge with procurement and technology, managing access to human capability rather than employment alone

As functional work becomes abundant, human contribution moves up a level:

- Judgement over execution
- Framing over solving
- Integration over task completion
- Accountability over output generation

Capabilities that rise:

- Critical thinking and challenge
- Adaptive mindset
- Human–AI collaboration
- Ethical reasoning
- Influence and relationship building

Tension point

Value concentrates where systematisation breaks down and conditions change faster than stable patterns can be established. In these conditions, the role of human capability shifts from executing the work to defining, directing, and standing behind it.



Scenario 2: Should the 24/7 Shadow Workforce have workers' rights?



Core idea

Should AI Agents enjoy worker rights and legal protection? Can we conceive of conditions where non-human agents participate in human legal and economic systems?

Once AI agents can monitor, analyse, respond, draft, and hand work across time zones continuously, the real disruption is not job loss alone. It is the collapse of the old bargain between work, time, salary, and worker protection.

This is already plausible without over-the-horizon developments such as AGI. Emerging evidence points to AI agents acting as digital team members capable of continuous operation across workflows³, increasing enterprise adoption of agentic AI⁴, and real-world examples where AI-supported systems execute the majority of operational tasks at speeds beyond human capability.⁵

At the same time, regulatory systems are beginning to respond unevenly. Australia's introduction of a Right to Disconnect reflects early attempts to reassert boundaries around human work, while broader legal frameworks are struggling to keep pace with AI-enabled monitoring and decision-making.⁶

Shift in thinking

The question becomes: if digital labour works all night, all weekend, and across every function, why do we still organise human work around inherited assumptions about responsiveness, availability, full-time load, and managerial control?

The question is no longer how to increase human productivity within fixed functional, job role, or time

boundaries. This broader shift is already visible in leading organisations, where the focus has moved from what AI can do to what should be done with it, placing greater emphasis on new approaches to integrating human and machine intelligence.⁷

Implications for Human Capability

In this scenario, agents reshape the rhythm of work and the importance of durable skills:

- Continuous monitoring, analysis, and response, with human escalation only when required
- Work prepared in advance of human engagement, compressing time to decision
- Follow-the-sun continuity without extending human working hours
- Traditional approaches (skills, role descriptions, and vocational competency profiles) fail because they are too static
- We elevate the need for infrastructure able to make human capability visible, portable, and actionable in context.

Work and protection begin to shift:

- Stronger boundaries around human availability (e.g. right to disconnect)
- Increased scrutiny of AI-driven monitoring and decision-making
- Growing need to define governance and accountability where AI acts

Value also begins to rebalance:

- Routine technical work becomes abundant and less differentiated
- Value concentrates where judgement, ethical oversight, empathy, risk, and responsibility cannot yet be fully systematised

Tension point

When work no longer sleeps, human work is defined not by availability, but by judgement, presence, reflection, and sharing learnings.



Scenario 3: When organisations buy capability not skills for a job role, what is a human worth?



Core idea

As AI systems observe, support, and increasingly participate in work, they do more than assist. They record. They interpret. They build a continuous picture of how people actually perform in real situations.

Every decision. Every response. Every interaction. Every outcome.

Over time, a different kind of signal emerges. Not what people say they can do, but what they consistently demonstrate when it matters.

While this may be confronting for some workers, this shift is already signalled in emerging research. The World Economic Forum continues to identify skills gaps as a primary constraint on transformation.⁸ At the same time, Stanford's WORKBank research shows that workers' preferences for automation vary significantly by task, with stronger emphasis placed on human agency and interpersonal contribution.⁹ Microsoft's work on the future of work also highlights that adoption is shaped as much by human preference and trust as by technical capability.¹⁰

This creates a structural change. Human capability cannot be inferred through proxies such as experience (CVs), prior learning or qualifications, or job titles. It becomes visible through behaviour, decisions, and consequences over time.

Existing systems are not designed to interpret the capability we can now see. Organisations rely on static signals to make decisions about hiring, development, progression, and reward. Workforce planning remains tied to job roles and vertical job families that are increasingly unreliable. Individuals continue to rely on

credentials and previous employment to represent their value.

At the same time, the economics of capability break the relevance of these signals. Investments in skills and workforce development are typically treated as expenses, tied to roles that may no longer exist. As the previously intangible, less visible human capability becomes observable and verifiable in real-time, it begins to behave like an asset. Not a learning outcome or a credential, or an entry in a skills passport. It becomes an asset that can be evidenced, validated, and accumulated as a representation of potential and future capacity.

This reframes how organisations think about skilling. Human capability stops being a cost to manage and becomes an asset to grow. Organisations need to see human capability not as something people hold, but as something they prove repeatedly, in context, under pressure, over time. We need to shift our logic and how we account for people as an increasingly vital source of value that can be built, recognised, and deployed well beyond the immediate job.

Shift in thinking

The focus moves away from static descriptions of human capability related to individual performance, towards capability expressed under real conditions over time.

Organisations begin to see capability not as something declared, but as something demonstrated through both the bottom line strategic successes and the cultural values that orient collective effort:

- how judgement is exercised under pressure
- how leaders stimulate collaboration, build adaptive mindsets, and influence others
- how learning is transferred across different contexts
- how trust is built and sustained
- how outcomes are shaped when working alongside AI

This is not an incremental improvement in assessment. It is a fundamental shift in how contribution is recognised.



Implications for Human Capability

As work becomes the organising principle for collating certain capabilities to strategic and cultural outcomes, traditional signals such as CVs, qualifications, and job titles begin to lose relevance.

The problem is not visibility. It is interpretation. Organisations are not equipped to understand human capability as it is expressed in real-time, across contexts, and over time.

Without a way to structure and recognise this, decision-making becomes inconsistent, trust becomes fragmented, and individuals struggle to navigate how they are assessed and careers progressed. Trust will shift away from qualifications and learning completion,

towards demonstrated capability over time and in a range of contexts.

Aside from the discomfort we may feel about constant verification, the immediate problem is the structural gap. Existing skills frameworks and credential systems cannot capture how people think, decide, relate, and take responsibility in context. New approaches become necessary.

Tension point

In an agent-rich organisation, the defining human capability is the ability to orchestrate, see the big picture, decide, and carry consequence. For the human in the loop, value is no longer negotiated in advance, it is validated and advanced in real-time.

As systematisation reaches its limits, work flows across boundaries and capability can no longer be contained by structure.



Scenario 4: What holds an organisation together when its structure no longer matches the work?



Core idea

The fundamental question becomes: what is the organisation for when AI performs a growing share of the work?

This is not simply a shift in how AI is used. It is a structural shift in how capability is organised, accessed, and applied.

The unit of enterprise begins to move away from an industrial-age model built on standardised jobs and functional divisions. It becomes a small human core orchestrating a distributed network of specialised AI agents. Organisational and job design follow. Work is no longer centred on the job, or even the team, but on the coordination of capability across people, processes, and systems.

Structure no longer guarantees coherence of capability or shared purpose.

Early signals are already visible. Agile methods and related approaches were initial attempts to increase responsiveness, but they still sit within legacy structures. Teams, roles, and workflows tied to functional boundaries are becoming increasingly unstable. AI agents accelerate this shift, enabling work that is continuous, dynamic, and inherently cross-functional.

This direction is now observable in practice. Microsoft describes the emergence of “frontier firms” where AI agents operate as digital team members.¹¹ Deloitte points to the rise of a “silicon-based workforce”¹², while McKinsey highlights that leading organisations expect AI to reshape entire enterprise models, not just

functions.¹³ Research from Anthropic also indicates that technical professionals are already shifting toward higher-level orchestration of AI systems, with changes to collaboration, mentoring, and knowledge transfer.¹⁴

At the same time, evidence suggests that most organisations are not failing to adopt AI, but failing to realise value because AI is being applied within existing structures rather than used to redesign how work is organised and how human and machine intelligence operate together.¹⁵

Shift in thinking

As work scales through individuals supported by AI agents, traditional team structures begin to weaken.

The problem is not productivity. It is coherence.

The firm is no longer the primary container of human capability. In the same way that digital platforms disintermediated traditional supply chains by connecting producers and consumers more directly, AI begins to disintermediate the organisation itself. Human capability is no longer bound within roles, teams, or even firms. It is accessed, assembled, and deployed across networks in real-time.

This does not eliminate the organisation. It changes its role from a container of capability to a coordinator of it.

As this shift unfolds, systems may scale without humans, but humans cannot function together without shared meaning, identity, and relational context.

Fewer people carry more responsibility, but with less shared context, reduced mentoring, and fewer natural points of integration. Work flows across boundaries that structure does not recognise.

The organisation becomes thinner. Its architecture shifts from stable structures to dynamic networks of interacting agents. Fixed hierarchies and static job classifications give way to fluid systems that orchestrate work across people, agents, and networks.¹⁶ Emerging forms include collaborative networks, agent-augmented micro-enterprises, and human capability marketplaces.¹⁷



Implications for Human Capability

The challenge is not simply productivity. The risk is that while technology architectures adapt, the underlying assumptions about how capability is coordinated remain unchanged.¹⁸

Organisations become both thinner and more fragile. Coordination, trust, and alignment to purpose can no longer be assumed to emerge from structure alone.

In this environment, resilience is no longer sufficient. What is required is adaptive capacity.¹⁹ This includes the ability to integrate across systems, absorb disruption, and respond under changing conditions.

Elements of coherence shift from being structurally embedded to being humanly enacted.

This increases reliance on less visible human factors:

- judgement in complex and ambiguous situations
- systems thinking to integrate across functions and customer perspectives
- the ability to build shared understanding of purpose and values

- relational intelligence to sustain trust across distributed networks
- the capacity to take responsibility where outcomes are uncertain

Structure no longer provides cultural alignment or the capacity to adapt. People do.

For the first time, organisations can reliably scale output without scaling the workforce or skills.

Tension point

When work no longer follows structure, structure no longer guarantees coherence.

The defining human capability is not technical performance, but the ability to orchestrate, decide, and carry consequence in systems that are increasingly dynamic, distributed, and difficult to hold together.

The risk is not visible failure of AI initiatives. It is organisations that appear to perform, while quietly losing alignment, accountability, and shared purpose.

What is emerging across these scenarios

Across these scenarios, a consistent pattern begins to take shape.

As intelligence becomes more available, technical capacity expands rapidly. Tasks that were once scarce become more widely accessible. Many functions become deployable on demand. Work becomes more fluid, more continuous, and less constrained by traditional structures.

At the same time, something else becomes more visible.

Human contribution does not disappear. It shifts from the visible and explicit skills that underpin work roles, toward tacit, intangible human capabilities that are more durable, deeply contextual, and shaped by the people involved and the purpose being pursued.

The emphasis moves to the ability to frame problems, exercise judgement in uncertainty, build trust, integrate across systems and customers, and take responsibility for outcomes that matter.

This creates a rebalancing of where human effort creates value. Execution and productivity remain important. Judgement, accountability, and human connection become more defining.

This introduces a measurement and design challenge. More flexible capability frameworks require dynamic ways to express and apply skills and behaviours in support of action, across contexts and over time.

The challenge is not that work is changing. It is that the frameworks used to understand and organise work are no longer sufficient for what is emerging.

The implications extend beyond technology adoption. They reshape how work is designed, how organisations are structured, and how people are recognised, developed, and valued.

These scenarios do not describe a single future. They surface conditions that are already beginning to emerge. The underlying pattern, however, is consistent: where work can be stabilised, it is systematised, and where it cannot, human capability becomes an increasing source of value. In response, the challenge is no longer moving beyond legacy models of skills and work, but reimagining how human capability can be amplified when human and machine intelligence are combined.



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